

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE ESTABLISHMENT OF AN ADMINISTRATIVE)	
PROCEEDING TO EXAMINE THE EXTENT TO)	ADMINISTRATIVE
WHICH JURISDICTIONAL UTILITIES ARE)	CASE NO. 376
PREPARED FOR THE YEAR 2000)	

O R D E R

The Commission is initiating this administrative proceeding in an effort to determine the extent to which jurisdictional utilities are preparing their computerized operating and information systems for the transition to the Year 2000 ("Y2K") and to ensure that appropriate, corrective steps are taken, when needed, to guarantee that utility systems remain operational during the critical Y2K transition period. The Y2K problem is rooted in the way in which dates are recorded in many computer systems, programs, and applications, and it has been determined that some computer operating systems could malfunction at 12:01 a.m. on New Year's morning of the year 2000, or shortly thereafter, when the new millenium begins.

Complex computer programs, such as those applications used to perform various tasks within a utility's operations, include thousands, tens of thousands, or even millions of lines of computer code. In order to minimize the size of these programs, most were written using only the last two digits to represent the year, such as "99" for the year 1999. The Y2K problem lies in how the program will read "00" – as in 2000 when the new millenium begins. Computer systems and programs that use dates to perform certain tasks may read "00", "01", "02" as 1900, 1901, 1902 and so on. This could lead

to serious system malfunctions or even system failure. Y2K issues relate not only to those systems owned and maintained by the utility itself but also to the systems owned by third party suppliers, vendors and other entities upon which the utility depends.

The Commission is very concerned that by December 31, 1999 all jurisdictional utilities have resolved any Y2K problems to ensure that safe, reliable and adequate utility services continue to be provided. The federal government defines Y2K compliance to mean that, "with respect to information technology, that the information technology accurately processes date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology, used in combination with the information technology being acquired, properly exchanges date/time data with it." (48 CFR Part 39.002). For purposes of initiating this proceeding, the Commission accepts as a working definition the federal government's definition of Y2K compliance.

As a result of the foregoing and, upon full consideration of all matters before us at this time, the Commission concludes that an investigation should be instituted on the motion of this Commission to determine the current and anticipated Y2K compliance of all jurisdictional utilities.

IT IS THEREFORE ORDERED that:

1. An investigation be and it hereby is instituted for the purpose of determining all matters concerning the Y2K compliance of all jurisdictional utilities.

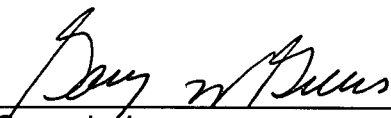
2. All jurisdictional utilities are required to file with the Commission within 20 days of the date of this Order, an original and 4 copies of written responses to the questionnaire included herein as Appendix A.

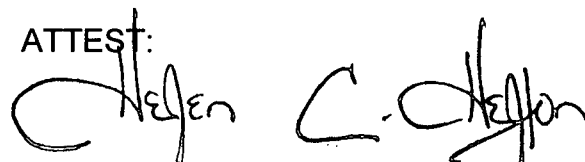
Done at Frankfort, Kentucky, this 12th day of August, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 376 DATED August 12, 1998

1. Provide the name, address, phone number and type of utility(s) you operate.
2. Has your company performed an analysis of the vulnerability of its operating systems to Y2K problems?
3. If you answered yes to Item 2 above, was this analysis performed by someone within your company or was a consultant hired to perform the analysis?
4. Provide the name and phone number of the person who should be contacted with questions regarding Y2K issues as they relate to your company.
5. (a) Will your company's operating systems be Y2K compliant on or before December 31, 1999?
(b) If no, by what date do you expect to be Y2K compliant?
6. If you answered no to Item 5 above, what actions does your company need to take in order to become Y2K compliant?
7. Does your company have a Y2K plan or planning document? If so, provide the plan or planning documents.
8. (a) Is your company dependent on interfacing or exchanging data with outside sources in order to perform critical operations?
(b) If yes, has your company contacted all entities with whom it exchanges data to determine that these other entities are Y2K compliant?
9. If you answered no to Item 7(b) above, does your company intend to contact those entities its systems interact with in order to assure itself that they are Y2K compliant? If not, why not?
10. (a) Has your company developed contingency plans to handle supply or service interruptions that may occur as a result of Y2K problems?
(b) If yes, provide a copy of these plans.
(c) If no, explain when such plans will be completed and if none are being planned, explain why such plans should not be required of your company.

11. What do you estimate it will cost your company to become Y2K compliant in its Kentucky operations?

12. Do you intend to expense these costs as incurred or defer the costs?

13. What specific Y2K problems have you found and in what way does it affect the service you provide?